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SWISS MERCANTILE SOCIETY.

(Continued from our issue of Oct. 29th.)

Dr. Gooch expected only one important change in the west. Alsace-Lorraine was in Western Europe what Bessarabia was in the east. Every time there was a war between France and Germany the winner took the two Rhine provinces. The inhabitants were not asked in 1870, nor were they consulted in 1918, and he did not think they would be asked this time, when they would return to France.

About Italy he wished to be brief. Mr. Churchill had stated that Italy's Colonial Empire had been irrevocably lost. If those words were to be taken literally, it meant that the Allies would have to settle what was to happen to Tripoli, Italy's oldest Colony, to Eritrea on the Red Sea, and to Italian Somaliland, that long strip of tropical coast which was the least valuable part of her Colonial Empire. But the final decision would have to be reached by the victorious Allies. He did not think there would be any changes in Italy's European frontiers, though many Austrians were most anxious that the opportunity should be taken of regaining South Tyrol, which was purely Teutonic in blood, speech, tradition and sentiment. The Allies, however, would hardly force Italy to cede it if she lost the whole or the greater part of her overseas Empire and the Dodecanese.

In the Far East, assuming a complete victory over Japan, not of course at the same time as the end of the war in Europe, Japan would have to surrender everything she had seized in China since she occupied Manchuria in the year 1931. Nor might it end there, for there were other places to be considered. Many Koreans in that little territory which was once an Empire and had a population of about 25 millions, were looking forward to the defeat of Japan as a golden opportunity of throwing off the hated yoke. A second possibility, which was one very much in the minds of those gallant Chinese who had been fighting much longer than the Allies, was the return of the great island of Formosa, which lay almost opposite the great cities of Nanking and Shanghai.

Territorial changes, declared the lecturer, would only be one portion of the settlement. In rebuilding Europe we should have to think not only of new frontiers but also of economics and institutions. One of the greatest mistakes in the treaties concluded after the last war was the almost total ignoring of economic problems and the almost total failure to plan the economic viability of certain states new and old. The question of providing work and bread for the population of Europe was as urgent as the drawing of new frontiers. As regards institutions, the outlines were gradually taking shape, and the new order which would probably rest on a closer association of states. There were three suggested solutions. The first was a revival of the system of completely sovereign states. But that was unlikely, for the old system of states without any obligation, moral or juridical, to the wider community of mankind had broken down. The second plan was to do for Europe what the original thirteen American colonies did when they found themselves independent after throwing off the British yoke, namely, forming a Federal Union, keeping their own internal affairs in their own hands, but building up a central government with authority over defence, foreign affairs, finance,

communications, currency. That was the Federalist doctrine, which had recently secured a great deal of influential support in England. Some of the younger members of the audience might live to see it carried out, but the older ones would not. He remembered hearing Briand's speech on the United States of Europe at Geneva in 1929, but it had no result. There was a third possibility, a middle way between sovereign states and a federalised Europe, a system of regional groups such as the Balkan and Scandinavian States, every member of which would only join because it really wished to do so and would know perfectly well what it was undertaking in regard to military co-operation. Europe consisted of about 25 independent units, which might form themselves, perhaps not all at once, into a number of regional groups for their mutual defence; and that might be a stage towards a still wider association. A League of Nations would obviously be necessary, with a simpler constitution than the old Covenant and omitting all obligations to secure the peace of the world. It was a noble dream that the League should and could guarantee peace, and punish aggression by common action, but many of its members assumed obligations which they were unable or unwilling to perform. The new League would do much of the work of the old, but would leave the vital task of keeping peace and resisting aggressors to the various regional groups.

There always had been and always would be new institutions when we felt we needed them. They were tried for a time, like the Holy Roman Empire in the Middle Ages, the Holy Alliance after Napoleon, and the League of Nations, the child of President Wilson. They all had excellent intentions, yet all failed to provide an orderly, peaceful, co-operating world. Were we then to sit back and say it was no good trying again? On the contrary we should learn from past failures and try to build something wiser and more suited to our needs. It was so vast a problem that it concerned us all, belligerents and neutrals. It concerned not only the living but also those who would be born into the world we were trying to make. Everyone should discuss and reflect on those difficult questions, and the Swiss could do so with an impartiality and detachment difficult if not impossible for the belligerents.

This concluded Dr. Gooch's address, to which all present had listened with rapt attention. Dr. Gooch also answered various questions bearing on the subject, which were put to him by members of his audience. Finally Mr. R. Chappuis, Honorary Secretary, proposed a hearty vote of thanks to the lecturer, in which all present supported him with prolonged acclamation.

Thus came to a close a most enjoyable function, a real red letter day in the annals of the Society.

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SWISS MERCANTILE SOCIETY.

The Monthly Meeting of the Society was held at Swiss House on Saturday, November 13th. Mr. J. J. Boos, President, was in the Chair, and about forty members were present.

One new member, Mr. Adolf Schaerer, was elected. He had been a member of the London Section previous to his departure to the U.S.A. in 1928, and the meeting was pleased to welcome him back. There was also one resignation from a member who had returned to Switzerland on the outbreak of the war.

The Chairman then reported on the activities of the S.K.V. during 1942, quoting the most important events from the Annual Report of the association, which had recently come to hand.

Mr. W. Meier, Vice-President, informed the members that the Council at its last meeting had appointed a Sub-Committee for the purpose of studying conditions regarding the reopening of the College at the end of the war and educational matters in general. The Committee, over which Mr. Meier presides, has already met and will in due course report its findings and make suitable recommendations to the Council. Amongst other items, the possibility of providing educational facilities for members during war-time was considered. It is intended to form language circles during the spring and early summer months, when black-out no longer hampers travelling, and members will be circularised in good time.

This terminated the official proceedings, which were followed by a discussion on the "*Keynes Plan*." The Chairman introduced the principal speaker, Mr. C. MAYR, Sub-Manager of the Swiss Bank Corporation, who reviewed the Plan in all its aspects. It was evident from the outset that Mr. Mayr had made a very close study of post-war planning in matters of finance and economics. He emphasised the fact that even at this theoretical stage it behoved us all to concern ourselves with post-war financial problems. The Keynes Plan illuminates some of these problems and offers valuable suggestions for their solution.

He first dealt with the background of events in recent financial history, which he divided into two chapters, the first dealing with the period before 1914, when the gold standard was in operation, the second dealing with the between-wars period when chaos and crises standards ruled the financial markets.

He continued in the following terms:

"With all this unhappy experience in our memory we are looking anxiously to the post-war period, when conditions will be immensely more difficult owing to the devastation and impoverishment of Europe. It will be an enormous task to get the world going again in a more or less orderly manner. Long and arduous efforts, hard work by all, a great increase in efficiency, and skilful organisation, will be required to meet even the most elementary needs of great masses of the world's population. Only national specialisation will enable goods to be produced most economically, only organised co-operation will enable them to be distributed to the people who need them most and who are not necessarily those who can afford to pay most for them.

In the last ten years before the War, progress was made in the art of currency management. It is impossible to foresee what the new system will be after the war, but it will certainly be different from the

systems we have had in the past. It is unlikely that non-commercial transfers of capital will ever be permitted again without supervision in the public interest. Certainly few people expect a lifting of the exchange controls immediately after the war. Fortunately there is a growing recognition of the need for an international concerted effort to improve living conditions throughout the world and to develop the resources of backward countries. Such an effort, in order to succeed, demands inter alia an appropriate financial technique which has yet to be found.

The Keynes Plan is a valuable contribution to this end. It is a concrete proposal by a committee of financial experts, headed by Lord Keynes, and it has the unofficial blessing of the British Government. To put it in a nutshell, the Keynes Plan proposes to establish a Central Clearing Station for international payments. Not a super Central Bank with its own capital and reserves. It would have no capital of its own. Each Member State would have a quota within which it can pay for its imports by overdrawing its account in the Clearing. The exporting countries would allow their claims for goods exported to remain as credit balances in the Clearing Union until they in turn use them for paying for their own imports. Thus the aggregate debits in the Clearing would be offset by the aggregate credit balances. (That would stop the practice of a scramble for exports without corresponding imports which did so much harm between the wars). Under the Plan rates of exchange for all currencies would be fixed by mutual agreement. A new currency unit called Bancor would be used, purely for bookkeeping, for the settlement of accounts in the Clearing. Each country would continue to use its own currency locally as hitherto. Each currency would have a definite but not rigid value in terms of Bancor, and Bancor, in turn, would have a fixed value in terms of gold. It would involve a certain amount of exchange control by all member states.

The system to be set up would further provide for deliberate expansion or contraction of the volume of Bancor available to conform to the actual requirements of world commerce.

Under the Plan great responsibility is placed upon the so-called surplus countries, such as the U.S.A., who alone can restore the balance of payments at a higher level of economic activity instead of at a lower level. It remains to be seen whether these surplus countries will have the courage to agree to an international arrangement by which the poor countries do not have to pay for their imports except by ultimate exports. The surplus countries would have to regard their claims either as an investment repayable by goods and services, or cancel them eventually if they do not want incoming goods to spoil their home market. Twenty years ago Lord Keynes said: "America must buy more and sell less than she does; this is the only alternative to her making to Europe an annual present." That, of course, referred to the settlement of War Debts, where the goods received from America did not benefit the economy of Europe, but were used for war and destroyed. I personally hope to see the international debts incurred by Allied Governments for the purpose of the present and last war cancelled so that we can start with a clean sheet.

We have seen during the between-wars period how it was actually detrimental to America to receive re-

payment of Europe's war debts. It was detrimental to her to be paid in goods, for this was against the interests of American producers, and it was detrimental to her to receive payment in gold because this impoverished Europe, which was America's chief customer, and brought about depression and the conditions for war.

So much for the general survey and bird's-eye view of the Plan.

I will now run briefly through the text of the Keynes Plan.

In the preface it is stated that immediately after the war there will be pressure for relief and reconstruction and we must plan *now*. In the field of production, trade and finance, four lines of approach are indicated on which international agreement should be arrived at, viz :

1. a mechanism of currency and Exchange;
2. a commercial policy regulating the exchange of goods; tariffs, subsidies, etc.;
3. orderly production, distribution of primary products, to prevent violent price fluctuations;
4. investment aid, long term and medium term for countries needing assistance.

It must be clearly emphasised that the Keynes Plan relates only to the first of these four headings, namely the mechanism of currencies and exchanges. Some general agreement has to be reached on this before much progress can be expected with the other topics."

Mr. Mayr then dealt with chapter after chapter of the actual Plan, its objects, provisions and advantages. He explained in great detail such complex subjects as the Management of Exchanges, the Position of Gold under the Plan, the Control of Capital Movements, Relation of the Clearing Union to Commercial Policy, etc.

He said that simultaneously with the publication of the Keynes Plan in April of this year, the Americans had published their "White Plan," named after its author who is the Monetary Adviser of the U.S.A. Treasury Department. Discussions had also been held in Washington between the Americans and the Canadians, the latter having also published their Plan with the same object in view. It was to be hoped that good would result from these Plans for the benefit of all mankind. What was encouraging in all three Plans was that a note of urgency could be detected in all of them, a keen desire to find a way to provide a workable system to stabilise exchanges and to pay for the goods which were urgently needed by the devastated countries in Europe after the War. He said that it would certainly require the goodwill and co-operation of all countries to be able to march in step and to realise that they had not only privileges but also obligations. The great creditor countries would have to take the long view and show vision and courage, so that post-war arrangements should not be spoilt by shortsightedness and unwillingness to make sacrifices for the common good.

This concluded Mr. Mayr's address, which was followed by an extremely lively, interesting and constructive discussion, in which a large number of members took part.

Finally, Mr. W. Landauer proposed a very hearty vote of thanks to Mr. Mayr for the excellent manner in which he had dealt with the complexities of post-war finance. This was duly seconded by Mr. W. Renz, who

also paid tribute to the principal speaker for the way he had stood up to a veritable barrage of questions which, due to their hypothetical nature, were far from easy to answer.

Members and friends of the Society are reminded that the next Monthly Meeting will be held at Swiss House, on Saturday, December 11th, and will be followed by a Film Show. Following the wishes of a large number of members, the Swiss Red Cross film "Flag of Mercy" will be shown, as well as some up-to-date films loaned to us by the Ministry of Information. Any members of the Colony, who have not seen the Red Cross film, are invited to attend this meeting.

WB.

CITY SWISS CLUB.

The Monthly Meeting of the City Swiss Club took place on Tuesday, November 2nd, at Brown's Hotel, and was preceded by the usual dinner. Seventy-five members were present. After the official part, M. Douglas Woodruff, Editor of "The Tablet," addressed the members on "European Utilities and Common Institutions."

ST.

SWISS BENEVOLENT SOCIETY.

The Swiss Benevolent Society and the two branches of the Swiss Church in London appeal once again to their compatriots for their kind contributions in cash or kind, in order to provide a little extra cheer for Christmas to our Swiss in need. All kinds of wearing apparel and household goods would be much appreciated and gratefully received. Please send if possible by December 13th.

Parcels should be addressed to: 31, Conway Street, Fitzroy Square, W.1.

Cash Remittances to: Swiss Benevolent Society, 31, Conway Street, W.1;

The Rev. M. Pradervand, 77, Wood Vale, N.10;
Mr. F. G. Sommer, Hepple Lodge, Holly Park, N.4.

The Rutli Ladies Club.

74, Charlotte Street, W.1.

The above was duly founded on 21st November, 1943, and elected its first Committee:

President:	Mrs. BOLLA,
Vice-President:	Mrs. ELLENBERGER,
Secretary:	Mrs. KREBS,
Treasurer:	Mrs. SCHNEEBERGER.

The subscription was fixed at 15/- per annum or 4/- per quarter.

A dance, with proceeds in favour of the Swiss Poor in London, will take place on 19th December, at 74, Charlotte Street, from 3 to 6.30 p.m. Ticket 2/-.

Applications for tickets or for membership to the Club could be addressed to any member of the Committee.

M. BOLLA, President.